

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER

511 UNION STREET, SUITE 2100

POST OFFICE BOX 198966

NASHVILLE, TENNESSEE 37219-8966

(615) 244-6380

FAX: (615) 244-6804

www.wallerlaw.com

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WALLER LANSDEN DORTCH & DAVIS
A PROFESSIONAL LIMITED LIABILITY COMPANY

809 SOUTH MAIN STREET

POST OFFICE BOX 1035

COLUMBIA, TENNESSEE 38402-1035

(931) 388-6031

WALLER LANSDEN DORTCH & DAVIS, LLP
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY
520 SOUTH GRAND AVENUE, SUITE 800
LOS ANGELES, CALIFORNIA 90071
(213) 362-3680

D. Billye Sanders
(615) 850-8951
bsanders@wallerlaw.com

December 10, 2003

VIA HAND DELIVERY

Deborah Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219

DOCKET NO.

03-00640

Re: Reorganization of LG&E Energy Corp.

Dear Chairman Tate:

The purpose of this letter is to inform the Tennessee Regulatory Authority ("TRA") that LG&E Energy Corp. ("LG&E Energy"), a Kentucky Holding Company that is the parent company of Kentucky Utilities Company ("KU"), plans to convert from a Kentucky Corporation to a Kentucky Limited Liability Company ("The Transaction"). We have been asked by LG&E Energy Corp. to request confirmation that the proposed transaction does not require approval by the TRA.

KU is an electric utility authorized by the TRA to provide electric service in the State of Tennessee. Currently, KU has five (5) customers in Tennessee. Its primary operations are in Kentucky and Virginia. LG&E Energy is a holding company, which owns KU and Louisville Gas & Electric Company. KU and Louisville Gas & Electric Company are separate operational subsidiaries of LG&E Energy. LG&E Energy is owned by E.ON US Investments Corp. ("EUSIC"), a Delaware corporation, which is owned by E.ON AG ("E.ON") a German company, formed under the laws of the Federal Republic of Germany. E.ON's interest in LG&E Energy is held indirectly through several intermediate holding companies; however, EUSIC is the direct parent of LG&E Energy.

The Transaction involves the merger of LG&E Energy with LG&E Energy, LLC ("New LG&E Energy"), a Kentucky limited liability Company, to be

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December 10, 2003

Page 2

newly formed as a subsidiary of EUSIC. LG&E Energy will transfer substantially all of its assets and liabilities to New LG&E Energy immediately prior to the merger. Upon merger of LG&E Energy with New LG&E Energy, New LG&E Energy will be the surviving entity. The transaction effects the change in LG&E Energy's organizational form, but will not result in LG&E Energy directly or indirectly acquiring or disposing of any new public utility companies or holding companies, utility assets or other businesses, nor will it affect KU, the corporation that is the holder of the certificate of public convenience and necessity in the State of Tennessee. New LG&E Energy will succeed to LG&E Energy's ownership of Louisville Gas & Electric Company and KU, as well as its non-utility subsidiaries. New LG&E Energy will also be the successor of LG&E Energy with respect to its commitments and authorizations applicable to LG&E Energy. The ultimate result will be a change in LG&E Energy's status from a corporation to a limited liability company. The Transaction is being done in the form of a merger to accomplish the transaction under Kentucky law and in a tax efficient manner under German law.

It is our position that the proposed transaction, which involves the merger of LG&E Energy with and into New LG&E Energy, does not require TRA approval because neither LG&E Energy nor New LG&E Energy is "public utility" within the meaning of T.C.A. § 65-4-101. Consequently, T.C.A. § 65-4-112, the statute that gives the TRA jurisdiction to approve certain public utility mergers, is not applicable to the companies in question and thus the merger is outside the scope

December 10, 2003
Page 2

newly formed as a subsidiary of EUSIC LG&E Energy will transfer substantially all of its assets and liabilities to New LG&E Energy immediately prior to the merger. Upon merger of LG&E Energy with New LG&E Energy, New LG&E Energy will be the surviving entity. The transaction effects the change in LG&E Energy's organizational form, but will not result in LG&E Energy directly or indirectly acquiring or disposing of any new public utility companies or holding companies, utility assets or other businesses, nor will it affect KU, the corporation that is the holder of the certificate of public convenience and necessity in the State of Tennessee. New LG&E Energy will succeed to LG&E Energy's ownership of Louisville Gas & Electric Company and KU, as well as its non-utility subsidiaries. New LG&E Energy will also be the successor of LG&E Energy with respect to its commitments and authorizations applicable to LG&E Energy. The ultimate result will be a change in LG&E Energy's status from a corporation to a limited liability company. The Transaction is being done in the form of a merger to accomplish the transaction under Kentucky law and in a tax efficient manner under German law.

It is our position that the proposed transaction, which involves the merger of LG&E Energy with and into New LG&E Energy, does not require TRA approval because neither LG&E Energy nor New LG&E Energy is "public utility" within the meaning of T.C.A. § 65-4-101. Consequently, T.C.A. § 65-4-112, the statute that gives the TRA jurisdiction to approve certain public utility mergers, is not applicable to the companies in question and thus the merger is outside the scope of the TRA's jurisdiction. The KU certificate will not be transferred and the ultimate upstream control of KU will remain unchanged. Only the form of ownership of KU's parent will change.

On behalf of LG&E Energy we would appreciate receiving written confirmation that TRA approval of the proposed Transaction and merger is not required. LG&E Energy made requests for acknowledgment that approval was not required for two similar transactions in the past and the TRA acknowledged that approval was not required. The first request was in 1997 when KU Corp (then parent of KU) and LG&E Energy merged (See correspondence attached as Tab A). The request second was in 2000 when LG&E Energy merged with PowerGen, plc (See attached correspondence regarding the 2000 transaction in Tab B).

LG&E Energy would like to complete the transaction by the end of 2003, therefore we respectfully request a response as soon as possible in December 2003.

December 10, 2003
Page 3

Thank you in advance for your time and prompt attention to this
request for confirmation

Sincerely,

A handwritten signature in cursive script that reads "D. Billye Sanders". The signature is written in black ink and is positioned above the printed name.

D. Billye Sanders

DBS/hmd

cc. Richard Collier, Esq.
J Wade Hendricks, Esq.
Michael Beer, Esq.

TENNESSEE REGULATORY AUTHORITY

Lynn Greer, Chairman
Sara Kyle, Director
Melvin Malone, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 8, 1997

D Billye Sanders, Esq
Waller, Lansden, Dortch and Davis
511 Union Street, Suite 2100
Nashville, TN 37219

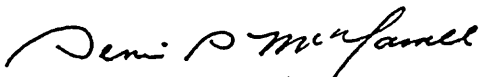
Re Merger of KU Energy Corporation and LG&E Energy Corporation

Dear Ms Sanders

I received your letter dated October 21, 1997. I have reviewed the details of the letter which sets out the merger between KU Energy Corporation and LG&E Energy Corporation. According to the charts you have provided, the merger involves the two companies and a holding company with the component companies maintaining their own operating structures. It would appear that as long as the entities retain their independent operating characteristics they do not fall under the requirement of the Tennessee Regulatory Authority for approval of the merger. Neither would it require the transfer of any Certificate of Public Convenience and Necessity, should one be held.

Thank you for informing the Authority of the merger.

Sincerely,


Dennis P. McNamee
General Counsel

cc K David Waddell, Executive Secretary

TENNESSEE REGULATORY AUTHORITY

Lynn Greer, Chairman
Sara Kyle, Director
Melvin Malone, Director

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 8, 1997

Ms. D. Billye Sanders
Waller Lansden Dortch & Davis
Nashville City Center
511 Union Street, Suite 2100
PO Box 198966
Nashville, TN 37219-8966

Re Merger of KU Energy Corp. and LG&E Energy Corp

Dear Ms Sanders.

This is in response to your letter dated October 21, 1997, which notifies the Authority of the merger of KU Energy Corp ("KU Energy") with LG&E Energy Corp ("LG&E Energy"). According to your letter, neither KU Energy nor LG&E Energy have certificates of authority in Tennessee. Also according to your letter, the respective utility operating companies held by KU Energy and LG&E Energy will continue to operate separately. Based on these representations, Authority approval of this merger is not required.

Thank you for informing the Authority of this matter. Please address any other questions to David Sapper at (615) 741-2904 ext. 155.

Sincerely,



K. David Waddell
Executive Secretary

c: Chris Klein
Dennis McNamee
David Sapper

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POST OFFICE BOX 198966

NASHVILLE, TENNESSEE 37219-8966

(615) 244-6380

FACSIMILES

(615) 244-6804

(615) 244-5686

D. Billye Sanders
(615) 252-2451

809 SOUTH MAIN STREET
P. O. BOX 1035
COLUMBIA, TN 38402-1035
(615) 388-6031

October 21, 1997

Mr. Dennis McNamee
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Merger of KU Energy Corporation ("KU Energy") and
LG&E Energy Corp. ("LG&E Energy")

Dear Dennis:

The purpose of this letter is to inform the Tennessee Regulatory Authority ("TRA") that KU Energy and LG&E Energy (each is a Kentucky corporation) intend to merge (the "Merger") and to request confirmation that the Merger does not require approval by the TRA.

KU Energy is the parent company of Kentucky Utilities Company ("KU"). KU is an electric utility authorized by the TRA to provide electric service in the State of Tennessee. KU's primary operations are in the States of Kentucky and Virginia. LG&E Energy is a holding company which owns Louisville Gas and Electric Company ("LG&E"). After the Merger, LG&E Energy will be the surviving holding company and the utility operating companies, KU and LG&E, will not be merged, but will continue to operate as separate subsidiaries of LG&E Energy.

It is our position that the Merger does not require TRA approval because neither KU Energy nor LG&E Energy is a public utility within the meaning of T.C.A. Section 65-4-101. Consequently, T.C.A. Section 65-4-112, the statute that gives the TRA jurisdiction to approve certain public utility mergers, is not applicable to the companies in question and thus the Merger is outside the scope of the TRA's jurisdiction.

Although we are unaware of any statutory requirement to do so, as a matter of courtesy, we are informing you of the change in control of KU. Pursuant

Mr. Dennis McNamee

October 21, 1997

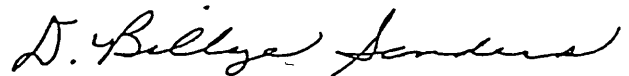
Page 2

to your request in our recent telephone conversation regarding the Merger, I am enclosing a copy of the organizational charts of KU Energy and LG&E Energy prior to the Merger and a copy of the LG&E organizational chart after the Merger.

I would appreciate written confirmation that the TRA does not have jurisdiction over the Merger as outlined in this letter and therefore no approval is required

We would appreciate your prompt response to this request. Thank you in advance for your time and attention to this matter.

Sincerely,

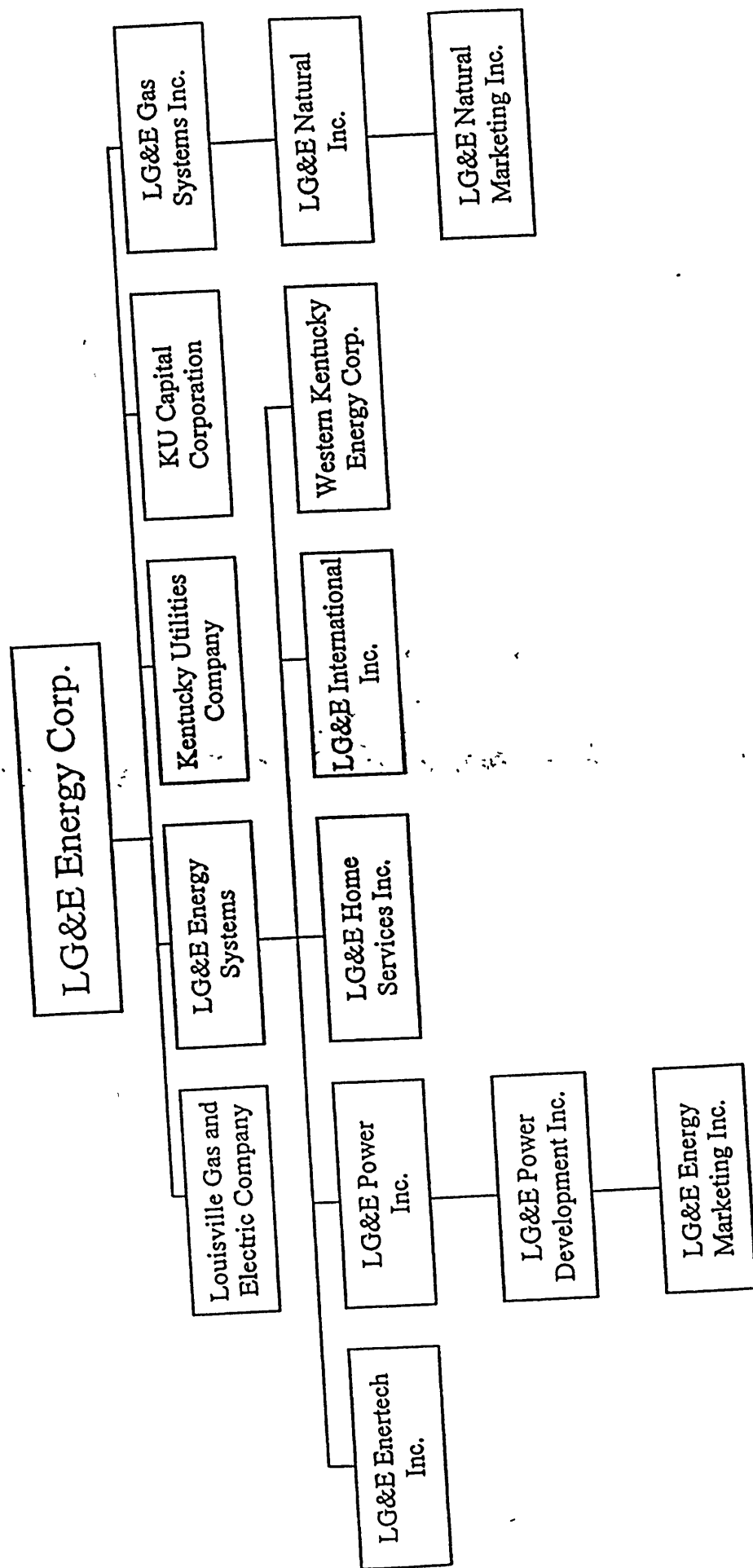


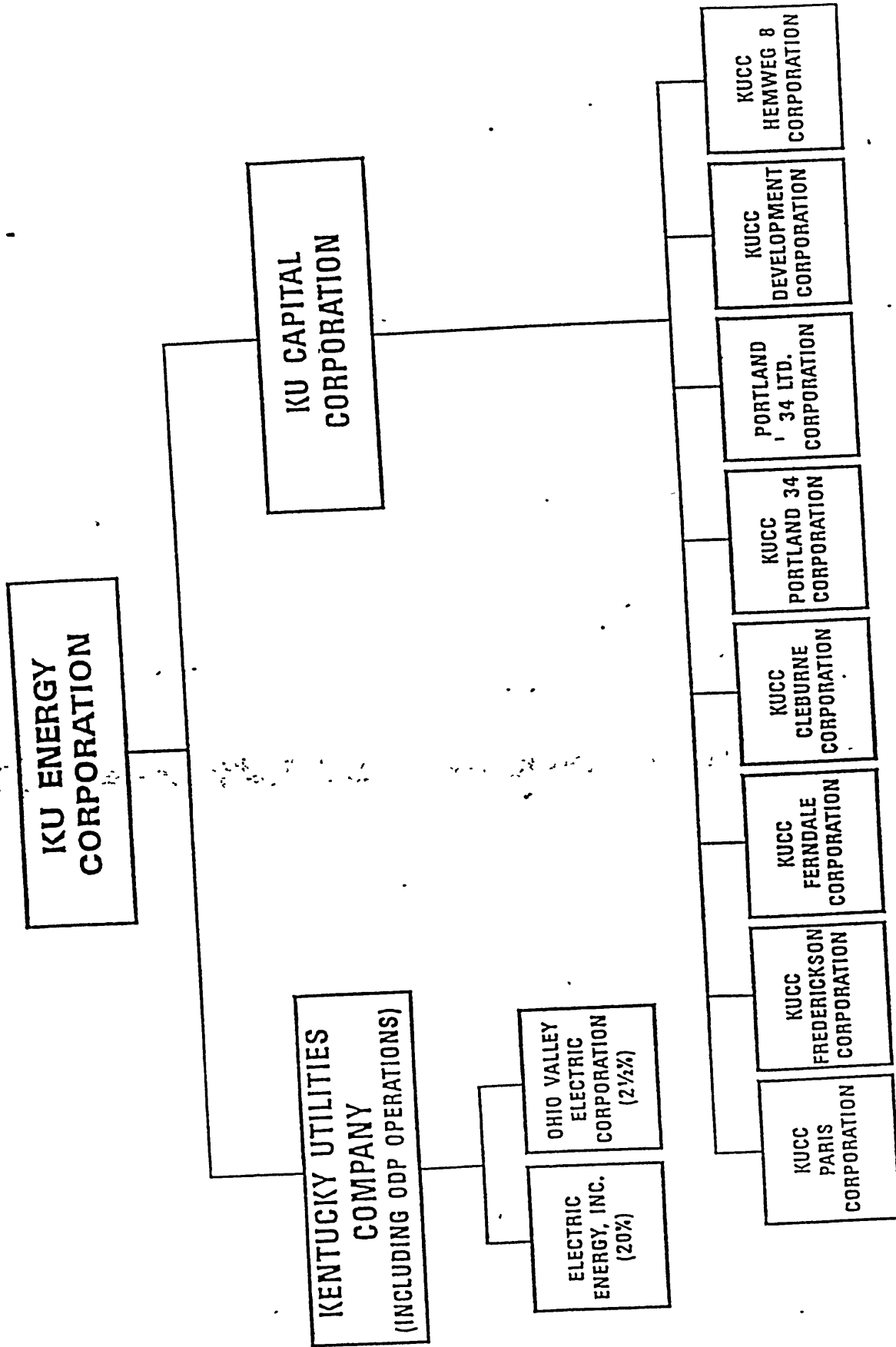
D. Billye Sanders

DBS:lmb

cc: Walter H. Crouch, Esq.
J. Wade Hendricks, Esq.

Corporate Structure of LG&E Energy Corp. Following Merger

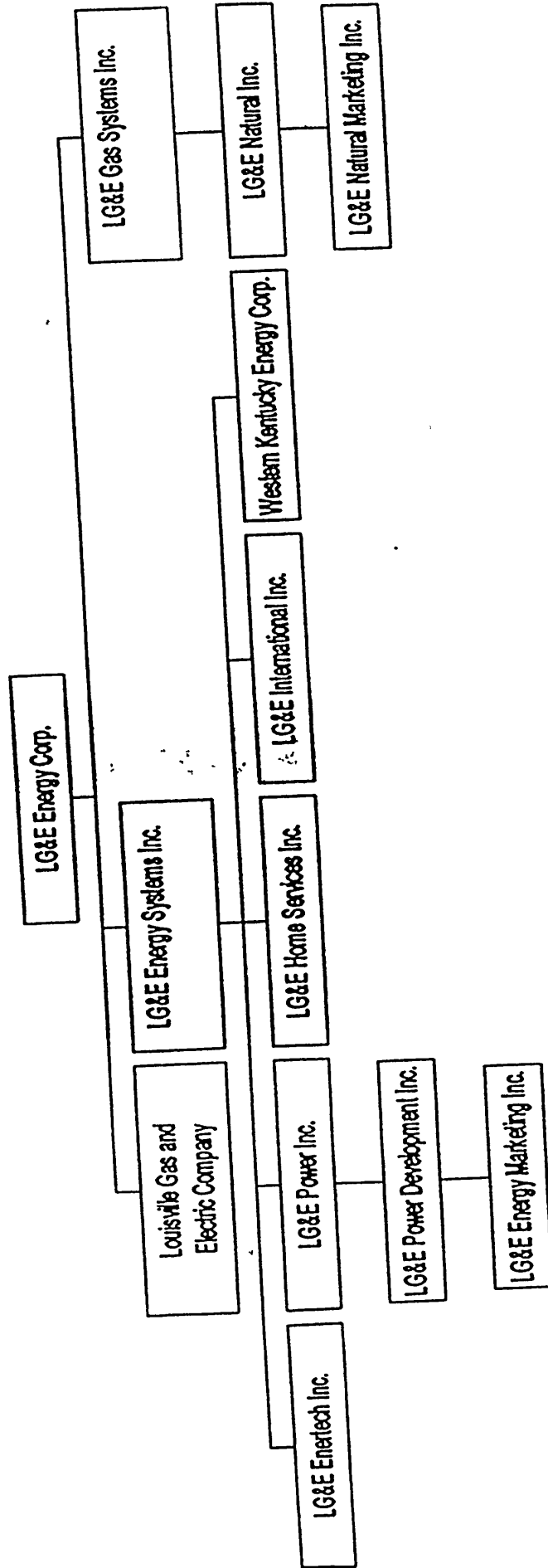




Current Structure

Major Active Corporations

June 30, 1997



WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER

511 UNION STREET, SUITE 2100

POST OFFICE BOX 198966

NASHVILLE, TENNESSEE 37219-8966

(615) 244-6380

FACSIMILE

(615) 244-6804

WWW.WALLERLAW.COM

809 SOUTH MAIN STREET

P. O. Box 1035

COLUMBIA, TN 38402-1035

(931) 388-6131

D. Billye Sanders
(615) 252-2451

June 5, 2000

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: LG&E Energy Corp. merger with PowerGen plc

Dear Mr. Waddell:

The purpose of this letter is to inform the Tennessee Regulatory Authority ("TRA") that LG&E Energy Corp. ("LG&E Energy"), a Kentucky holding company that is the parent company of Kentucky Utilities Company ("KU"), has agreed to merge with PowerGen plc ("PowerGen"), a public limited company formed under the laws of England and Wales. We have been asked by LG&E to request confirmation that the proposed LG&E Energy - PowerGen merger (the "Merger") does not require approval by the TRA.

KU is an electric utility authorized by the TRA to provide electric service in the State of Tennessee. Currently, KU has five (5) customers in Tennessee; its primary operations are in Kentucky and Virginia. LG&E Energy is a holding company which owns KU and Louisville Gas and Electric Company. KU and Louisville Gas and Electric Company are separate operational subsidiaries of LG&E Energy.

It is our position that the proposed Merger does not require TRA approval because neither KU Energy nor PowerGen is a "public utility" within the meaning of T.C.A. Section 65-4-101. Consequently, T.C.A. Section 65-4-112, the statute that gives the TRA jurisdiction to approve certain public utility mergers, is not applicable to the companies in question and thus the Merger is outside the scope of the TRA's jurisdiction.

Mr. K. David Waddell
June 5, 2000
Page 2

On behalf of LG&E Energy, I would appreciate receiving written confirmation that approval of the proposed Merger by the TRA is not required. As you may recall, we made a similar request in connection with the earlier merger of KU Energy Corp. (the then parent of KU) and LG&E Energy in 1997. Here, as with the 1997 merger, the merging companies are both holding companies and the respective component operating utility companies (subsidiaries), including KU, will maintain their independent operating characteristics after the Merger. Copies of our 1997 correspondence are enclosed for your reference. (Tab A). Also enclosed, for your general information is a copy of the Joint Application of PowerGen and LG&E Energy to the Kentucky Public Service Commission, filed March 15, 2000, (Tab B) and copies of the organizational charts of LG&E Energy (Tab C) and PowerGen (Tab D) prior to the Merger and a copy of the PowerGen proposed organizational chart after the Merger. (Tab E).

The proposed Merger is subject to approval by the Securities and Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935, as amended ("PUHCA"). Section 9(a)(2) of the PUHCA provides, in part, that unless an acquisition such as the proposed Merger has been approved by the SEC, it is unlawful "for any person ... to acquire, directly or indirectly, any security of any public-utility company," if that person will by virtue of the transaction come to own five percent or more of the voting securities of two or more public-utility companies. See 15 U.S.C. § 79i(a)(2). As a subsidiary of LG&E Energy, KU is a public-utility company for purposes of PUHCA. As a result of the proposed Merger, PowerGen will be deemed to acquire indirectly more than five percent of the voting securities of KU and the other utility company subsidiaries of LG&E Energy. Therefore, PowerGen is required to obtain SEC approval under PUHCA prior to completing the proposed Merger.

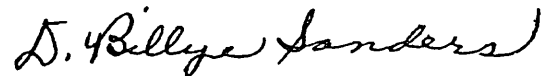
Under Section 10(f) of PUHCA, the SEC may not approve a proposed merger unless, *inter alia*, "it appears ... that such State laws as may apply in respect of such acquisition have been complied with" See 15 U.S.C. § 79j(f). In order to ensure that the provisions of Section 10(f) are satisfied, the SEC requires the filing of "a certified copy of any findings, orders, or certificates evidencing express authorization of any part of the proposed transaction by each ... State or Federal commission." See 17 C.F.R. 259.101. To ensure that the interests of utility consumers are protected on a going-forward basis, the SEC routinely requests that each State served by a public-utility company which is subject to the requirements of Section 10 provide a certification that the State has the authority and resources

Mr. K. David Waddell
June 5, 2000
Page 3

to protect its resident utility consumers after the transaction is consummated. The SEC's protocol is to make a request directly for this certification. Therefore, the TRA will be contacted in the near future by the SEC, by letter, with a request for written confirmation for the SEC's records that the State of Tennessee, through the TRA, will continue to have the statutory authority and regulatory resources to protect the Tennessee rate-paying consumers of KU following the Merger.

We would appreciate your prompt response to this request and to the anticipated request from the SEC. Thank you in advance for your time and attention to this matter.

Sincerely,



D. Billye Sanders

DBS/WHC:cl
Enc.

cc: Richard Collier, Esq. (TRA General Counsel)
Walter H. Crouch, Esq.
✓ J. Wade Hendricks, Esq.
Richard T. Miller, Esq.
Michael S. Beer, Esq.

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

June 8, 2000

D. Billye Sanders
Waller Lansden Dortch & Davis
511 Union Street
Suite 2100
P. O. Box 198966
Nashville, Tennessee 37219-8966

Re: LG&E Energy Corp. Merger with PowerGen plc

Dear Ms. Sanders:

The Authority staff has reviewed your letter dated June 5, 2000, in which LG&E Energy Corp., the parent company of Kentucky Utilities Company, proposes to merge with PowerGen plc. Since Kentucky Utilities Company will maintain its independent operating characteristics after the merger, and since it will remain a direct subsidiary of LG&E Energy Corp., Authority approval of the proposed transaction is not required. As no transfer of certification is needed, no Authority action is required.

Thank you for informing the Authority of this matter. Please address any other questions to Rosie Gregory at (615) 741-2904 ext. 156.

Sincerely,

K. David Waddell
Executive Secretary

c: Richard Collier
Joe Werner
Chris Klein
Jon Wike
EAD File